

Union Calendar No. 293

106TH CONGRESS
2D SESSION

H. R. 3822

[Report No. 106-528]

To reduce, suspend, or terminate any assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act to each country determined by the President to be engaged in oil price fixing to the detriment of the United States economy, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2000

Mr. GILMAN introduced the following bill; which was referred to the Committee on International Relations

MARCH 17, 2000

Additional sponsors: Mr. MCHUGH, Mr. UPTON, Mr. GREEN of Wisconsin, Mr. SHAYS, Mr. SWEENEY, Mr. MICA, Mr. RYUN of Kansas, Mr. BILIRAKIS, Mr. GOODE, Mr. CHABOT, Mr. CAMPBELL, Mr. SMITH of New Jersey, Mr. ROTHMAN, Mr. LOBIONDO, Ms. ROS-LEHTINEN, Mr. TANCREDO, Mr. GOODLING, Mr. REYNOLDS, Mr. SALMON, Mr. BOEHLERT, Mr. GILLMOR, Mr. BALLENGER, Mr. LANTOS, Mr. SCARBOROUGH, Mr. LIPINSKI, Mr. DEAL of Georgia, Mr. THUNE, Mr. BACHUS, Mr. EVERETT, Mr. BURTON of Indiana, Mr. HAYWORTH, Mr. HUNTER, Mr. ABERCROMBIE, Mrs. ROUKEMA, Mr. JENKINS, Mr. RILEY, Ms. HOOLEY of Oregon, Mr. GALLEGLY, Mr. LUCAS of Kentucky, Mr. WALDEN of Oregon, Mr. MCCOLLUM, Mr. MALONEY of Connecticut, Mr. SHOWS, Mr. OSE, Mr. GEKAS, Mr. CASTLE, Mrs. CAPPS, Mr. DUNCAN, Mr. MCINNIS, Mr. DOOLITTLE, Mr. ADERHOLT, and Mr. SCHAFER

MARCH 17, 2000

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in italic]

[For text of introduced bill, see copy of bill as introduced on March 2, 2000]

A BILL

To reduce, suspend, or terminate any assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act to each country determined by the President to be engaged in oil price fixing to the detriment of the United States economy, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
 2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Oil Price Reduction Act*
 5 *of 2000”.*

6 **SEC. 2. FINDINGS.**

7 *The Congress finds the following:*

8 *(1) Oil producing countries, including the na-*
 9 *tions of the Organization of Petroleum Exporting*
 10 *Countries (OPEC), took concerted actions in March*
 11 *and September of 1999 to cut oil production and hold*
 12 *back from the market 4,000,000 barrels a day rep-*
 13 *resenting approximately six percent of the global sup-*
 14 *ply.*

15 *(2) OPEC, in its capacity as an oil cartel, has*
 16 *been a critical factor in driving prices from approxi-*
 17 *mately \$11 a barrel in December 1998 to a high of*

1 \$30 a barrel in mid-February 2000, levels not seen
2 since the Persian Gulf Conflict.

3 (3) On February 10, 2000, a hearing before the
4 Committee on International Relations of the House of
5 Representatives on “OPEC and the Northeast Energy
6 Crisis” clearly demonstrated that OPEC’s goal of re-
7 ducing its oil stocks was the major reason behind
8 price increases in heating oil, gasoline, and diesel oil
9 stocks.

10 (4) During this hearing, the Assistant Secretary
11 in the Office of International Affairs of the Depart-
12 ment of Energy noted that artificial supply con-
13 straints placed on the market are ultimately self-de-
14 feating in so far as they increase volatility in the
15 market, lead to boom and bust cycles, and promote
16 global instability, particularly in developing coun-
17 tries whose economies are extremely vulnerable to
18 sharp price increases.

19 (5) These price increases have caused infla-
20 tionary shocks to the United States economy and
21 could threaten the global economic recovery now un-
22 derway in Europe and Asia where the demand for oil
23 is rising.

24 (6) The transportation infrastructure of the
25 United States is under stress and tens of thousands

1 *of small- to medium-sized trucking firms throughout*
2 *the Northeast region are on the verge of bankruptcy*
3 *because of the rise in diesel oil prices to more than*
4 *\$2 per gallon—a 43 percent increase in the Central*
5 *Atlantic region and a 55 percent increase in the New*
6 *England region—an increase that has had the effect*
7 *of requiring these trucking firms to use up to 20 per-*
8 *cent of their operating budgets for the purchase of die-*
9 *sel oil.*

10 *(7) Many elderly and retired Americans on fixed*
11 *incomes throughout the Northeast region of the United*
12 *States cannot afford to pay the prevailing heating oil*
13 *costs and all too often are faced with the choice of*
14 *paying the grocery bills or staying warm.*

15 *(8) Several key oil producing nations relied on*
16 *the United States military for their protection in*
17 *1990 and 1991, including during the Persian Gulf*
18 *Conflict, and these nations still depend on the United*
19 *States for their security.*

20 *(9) Many of these nations enjoy a close economic*
21 *and security relationship with the United States*
22 *which is a fundamental underpinning of global secu-*
23 *rity and cooperation.*

24 *(10) A continuation of the present policies put in*
25 *place at the meeting of OPEC Ministers in March*

1 *and September of 1999 threatens the relationship that*
2 *many of the OPEC nations enjoy with the United*
3 *States.*

4 **SEC. 3. POLICY OF THE UNITED STATES.**

5 *(a) POLICY WITH RESPECT TO OIL EXPORTING COUN-*
6 *TRIES.—It shall be the policy of the United States to con-*
7 *sider the extent to which major net oil exporting countries*
8 *engage in oil price fixing to be an important determinant*
9 *in the overall political, economic, and security relationship*
10 *between the United States and these countries.*

11 *(b) POLICY WITH RESPECT TO OIL IMPORTING COUN-*
12 *TRIES.—It shall be the policy of the United States to work*
13 *multilaterally with other countries that are major net oil*
14 *importers to bring about the complete dismantlement of*
15 *international oil price fixing arrangements.*

16 **SEC. 4. REPORT TO CONGRESS.**

17 *Not later than 30 days after the date of enactment of*
18 *this Act, the President shall transmit to the Congress a re-*
19 *port that contains the following:*

20 *(1) A description of the overall economic and se-*
21 *curity relationship between the United States and*
22 *each country that is a major net oil exporter, includ-*
23 *ing each country that is a member of OPEC.*

24 *(2) A description of the effect that coordination*
25 *among the countries described in paragraph (1) with*

1 *respect to oil production and pricing has had on the*
2 *United States economy and global energy supplies.*

3 *(3) Detailed information on any and all assist-*
4 *ance programs under the Foreign Assistance Act of*
5 *1961 and the Arms Export Control Act, including li-*
6 *censes for the export of defense articles and defense*
7 *services under section 38 of such Act, provided to the*
8 *countries described in paragraph (1).*

9 *(4) A determination made by the President in*
10 *accordance with section 5 for each country described*
11 *in paragraph (1).*

12 **SEC. 5. DETERMINATION BY THE PRESIDENT OF MAJOR OIL**
13 **EXPORTING COUNTRIES ENGAGED IN PRICE**
14 **FIXING.**

15 *The report submitted pursuant to section 4 shall in-*
16 *clude the determination of the President with respect to each*
17 *country described in section 4(1) as to whether or not, as*
18 *of the date on which the President makes the determination,*
19 *that country is engaged in oil price fixing to the detriment*
20 *of the United States economy.*

21 **SEC. 6. DIPLOMATIC EFFORTS TO END PRICE FIXING.**

22 *(a) DIPLOMATIC EFFORTS.—Not later than 30 days*
23 *after the date on which the President transmits to the Con-*
24 *gress the report pursuant to section 4, the President shall—*

1 (1) *undertake a concerted diplomatic campaign*
2 *to convince any country determined by the President*
3 *pursuant to section 5 to be engaged in oil price fixing*
4 *to the detriment of the United States economy that*
5 *the current oil price levels are unsustainable and will*
6 *negatively effect global economic growth rates in oil*
7 *consuming and developing countries; and*

8 (2) *take the necessary steps to begin negotiations*
9 *to achieve multilateral action to reduce, suspend, or*
10 *terminate bilateral assistance and arms exports to*
11 *major net oil exporters engaged in oil price fixing as*
12 *part of a concerted diplomatic campaign with other*
13 *major net oil importers to bring about the complete*
14 *dismantlement of international oil price fixing ar-*
15 *rangements described in such report.*

16 (b) *REPORT ON DIPLOMATIC EFFORTS.*—Not later
17 *than 120 days after the date of the enactment of this Act,*
18 *the President shall transmit to the Congress a report de-*
19 *scribing any diplomatic efforts undertaken in accordance*
20 *with subsection (a) and the results achieved by those efforts.*

21 (c) *AUTHORITY TO REDUCE, SUSPEND, OR TERMI-*
22 *NATE ASSISTANCE.*—Pursuant to the current authorities of
23 *the President and in furtherance of multilateral efforts, or*
24 *bilateral efforts when the United States is the sole exporter*
25 *of a particular defense article or defense service, the Presi-*

1 *dent is authorized, at any time after transmitting the re-*
2 *port pursuant to section 4, to reduce, suspend, or terminate*
3 *assistance under the Foreign Assistance Act of 1961 and*
4 *the Arms Export Control Act, including the license for ex-*
5 *port of defense articles or defense services under section 38*
6 *of such Act, to any country determined by the President*
7 *pursuant to section 5 to be engaged in oil price fixing to*
8 *the detriment of the United States economy.*

9 **SEC. 7. DEFINITIONS.**

10 *In this Act:*

11 (1) *OIL PRICE FIXING.*—*The term “oil price fix-*
12 *ing” means participation in any agreement, arrange-*
13 *ment, or understanding with other countries that are*
14 *oil exporters to increase the price of oil or natural gas*
15 *by means of, inter alia, limiting oil or gas production*
16 *or establishing minimum prices for oil or gas.*

17 (2) *OPEC.*—*The term “OPEC” means the Orga-*
18 *nization of Petroleum Exporting Countries.*

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